

LOUISIANA SHRIMP TASK FORCE

MINUTES

December 7, 2009

ROBERT BARHAM
CHAIRMAN

LOUISIANA ROOM
LOUISIANA DEPARTMENT OF WILDLIFE & FISHERIES
2000 QUAIL DRIVE
BATON ROUGE, LOUISIANA

AGENDA

- I. Call to order
- II. Roll Call
- III. Approval of 11.09.09 Minutes
- IV. Call-in from U.S. Senator David Vitter regarding proposed federal legislation
- V. Traceability Presentation, TraceGains
- VI. Individual Agency Assignments (Updated Document)
- VII. Agency Updates
- VIII. Set Next Meeting Date
- IX. Public Comment*

MINUTES OF THE MEETING

OF

THE LOUISIANA SHRIMP TASK FORCE

Monday, December 7, 2009, 1:30 PM

Randy Pausina, Louisiana Department of Wildlife & Fisheries, presiding.

Dr. Mike Strain – Louisiana Department of Agriculture and Forestry
Jody Montelaro - Louisiana Governor's Office
David Helveston sitting in for Cathy Breaux – Louisiana Workforce Commission
Stacie Deblieux – Louisiana Attorney General's Office
David Guilbeau – Louisiana Department of Health and Hospitals
Kris Van Orsdel – Louisiana Recovery Authority
Danny Babin – Representative of Shrimp Processor Advisory Panel
Clint Guidry – Representative of Shrimp Harvester Advisory Panel
Ewell Smith – LA Seafood Marketing and Promotion Board
Dr. John Finley – LSU Department of Food Science
Mark Schexnayder – Louisiana Sea Grant
Kelsey Short – Louisiana Department of Economic Development

Randy Pausina called the meeting to order at 1:45 pm and called roll.

Jody Montelaro and Cathy Breaux arrived during the meeting; all other members were present.

**Danny Babin moved to approve minutes from previous (November 16, 2009) meeting.
Motion seconded by David Guilbeau. Motion carried unanimously.**

Mr. Pausina added to the agenda discussion of a draft Notice of Intent for Secretary Barham to put shrimp packaging regulations in place and distributed the draft. He mentioned that the document has been reviewed by the legal and fiscal section and will next be sent to the LDWF

economist to develop a fiscal and economic impact statement. He stated that we must follow the normal 120 day Notice of Intent process in order to put these regulations in effect. The final rule could be promulgated on or before June 1st.

Mr. Pausina stated that the LDWF has developed a draft bill that would establish a Shrimp Task Force under the LSPMB.

Clint Guidry said that he intends to review the draft with members of the Harvesters Advisory Panel and provide recommendations.

Mr. Pausina reviewed some items that were brought up since the last Task Force meeting. He mentioned that Mike Travis, a Task Force member representing NOAA Fisheries has withdrawn from serving on the Task Force upon the recommendation of Dr. Roy Crabtree, NOAA's SE Regional Administrator. He said that Mr. Travis will still be available as a federal contact as needed by the Task Force.

Mr. Pausina also spoke of two recommendations from the Harvesters Advisory Panels that were tabled at the previous meeting since Mr. Guidry was unable to attend. These recommendations would ask Task Force support for naming a shrimp harvester to the Davis Pond and Caernarvon Advisory Panels and support of legislation adding a shrimp harvester to the Louisiana Coastal Protection and Restoration Authority.

Mr. Pausina asked Mr. Babin about the status of information on shrimp inventories to be voluntarily provided by the American Shrimp Processors.

Kris Van Orsdel said that the shrimp processors have provided his agency with the confidential information that had been requested from them previously. He said the information answers most of the questions that he was pursuing.

Mr. Pausina stated that the Task Force will continue to follow through with the state actions first, allowing time to get ready to pursue future federal actions. He referred the Task Force members to a list of 18 Advisory Panel recommendations that they have yet to take action on. He began to review but then stopped to take the scheduled 2:00 pm conference call from Senator David Vitter.

Mr. Pausina welcomed Senator Vitter and thanked the Senator for his time and for calling in.

Senator Vitter began by thanking the Task Force, LDWF, and the Governor for their efforts in working towards the sustainability of the Louisiana shrimp industry. He stated that he has been busy working on the federal level and has assigned Malcolm Richard as coordinator with his office. He said that he stands ready to incorporate the ideas of the Task Force into his federal pursuits. He mentioned that he has been drafting a bill that calls for the increased inspection of imports, ban on imports with tainted shrimp, increased penalty for mislabeling, and to raise the level of inspections on imports to that of domestic product. He said the Senate should be taking up a large food safety bill next year and that he has reached out to Senators Enzi and Harkin to incorporate the ideas of the shrimp industry into the bill. Once again he thanked those who have

been working to find solutions and said his staff member Malcolm Richard will continue to attend the Task Force meetings and that Zach Baig, his legislative director and Chris Stanley, senior legislative assistant are ready in Washington to assist in any way possible.

Dr. Mike Strain said that US Customs has been predominately in charge of inspections and approximately less than 1% of imports are currently being checked, with 90% of uncollected tariffs coming from China. He asks Senator Vitter to pursue legislation that would provide funding for state and federal programs that would give the state full authority to conduct random inspections.

Senator Vitter responded in saying that the statistics are accurate and that he is looking to change fundamentally to a robust inspection regime funded from imports that would allow state agencies a direct role in the inspection process. He said any program that's developed must meet World Trade Organization guidelines.

Dr. Strain suggests that the program promote food safety and country of origin labeling in cooperation with the feds. He mentioned that the European Union has a program that is funded by the importing companies and is doing testing at a level 20 times higher than what the US is currently doing.

Senator Vitter mentioned that a self sustaining fee system gathered from the importers would be best. He said that Zach Day and Steve Stanley will remain on the phone to answer any further questions.

Dr. Strain asked about expanding cooperative authority.

Ewell Smith stated that there needs to be long-term viability through a consistent funding source for the marketing and certification of Louisiana shrimp.

Mr. Baig said that we need to find out how much funding can be raised from the importers.

Dr. Strain suggested that we look at current tariffs rather than placing additional fees on top of existing tariffs.

Mr. Stanley said that we have tried looking at existing tariffs for funding in the past, but attempts were shut down by the Byrd Amendment.

Mr. Clint Guidry said the World Trade Organization hasn't shown any opposition to the European Union practice of importers paying for inspections.

Mr. Stanley responded in saying that it was anti-dumping tariffs that were shut down with the Byrd Amendment. He suggested that the Task Force look into what the EU is charging and whether there are any additional fees being charged.

Mr. Danny Babin mentioned that the proposed Thailand settlement with the Southern Shrimp Alliance would eliminate future tariffs coming in from that country. He said the processors are

opposed to such settlement and mentioned that other countries may follow Thailand in paying a onetime tariff settlement if such action would occur.

Mr. Baig said that the Thailand settlement will come up at the next Sunset Review.

Mr. Guidry said LSA has yet to come to a conclusion on this matter.

Mr. Baig requested that Mr. Guidry inform him of the decision once it is reached.

Dr. John Finley said that there needs to be legislation drafted that would outline best handling practices for shrimp, increase enforcement, and develop a certification program since value-added products are the goal. He mentioned that funding is needed to increase its effectiveness.

Representative Joe Harrison spoke to Mr. Baig and Mr. Stanley mentioning that he recently met with Senator Landrieu's group, under Tom Michels to address what is occurring with tariffs and other issues. He said Senator Landrieu's office is interested in putting together a group that would work together with the Task Force in working towards the long term sustainability of the Louisiana Shrimp industry.

After the call ended, Mr. Pausina continued on with the meeting, reviewing previous recommendations that were grouped by the type of action required to address them (i.e. state, federal, etc.). He mentioned that these recommendations, if adopted through motions, will be brought forth at the next meeting for review then sent to Washington D.C. with a request for congressional assistance.

Dr. Strain moved that the recommendations from the LA Shrimp Harvester and Processor Advisory Panels which require federal level action or legislation be considered by the Task Force and that LDAF take the lead in initiating any necessary action: 30-33, 48, 60, 61, 64-68, and steps to move forward with crop insurance for the industry.

- 30) Contact LA congressional delegation and delegation in other domestic shrimp producing states requesting they contact U.S. Customs and urge them to collect all tariff money.**
- 31) Contact LA congressional delegation and delegation in other domestic shrimp producing states requesting them to urge U.S. Commerce to investigate and prosecute companies found guilty of shipping through non-tariff countries.**
- 32) Request assistance from federal authorities to monitor and investigate the volume and potential health risks of imported shrimp entering the country.**
- 33) Request the state's congressional delegation to enact federal legislation to develop a subsidy program for domestic shrimp producers.**
- 48) Request the Task Force to examine TAA program eligibility and notification and distribution of applications to the industry.**
- 60) Ask the Task Force to request that the Governor, our legislature and our entire federal delegation immediately demand an investigation by the Department of Commerce and Customs and Border Protection to determine if imported shrimp from these countries actually originate from countries subject to antidumping**

orders and to vigorously pursue anti-circumvention remedies, including retroactive collection of duties that would have been paid and prohibition of imports from countries that are complicit in transshipment.

- 61) Ask the Task Force to request that the Governor, our legislature and our entire federal delegation immediately demand an investigation into under collection by Customs and Border Protection, immediately address and seek collection of duties, and legislatively develop methods to permanently address under collection of antidumping duties.
- 64) Ask the Task Force to request that our federal delegation begin work on a WTO-compliant law that would allow antidumping duties collected after October, 2007 to be used for the assistance of the domestic industries directly impacted by the dumped imports.
- 65) Ask the Task Force to request that the Governor, our legislature and our entire federal delegation immediately demand an investigation by the Food and Drug Administration, Department of Agriculture, Customs and Border Protection and any other agency with jurisdiction over this issue, into the safety of imported shrimp. To the extent testing shows problems that pose a risk to the health of our domestic consumers, appropriate SPS measures should be implemented to block imports of shrimp from those countries.
- 66) Ask the Task Force to request that the Governor, our legislature and our entire federal delegation immediately demand that Customs and Border Protection / implement the provisions of 19 U.S.C. §1307 and block shrimp imported from Thailand and any other country that is using child or forced labor to produce the product.
- 67) Ask the Task Force to request from the Governor and our legislature a specific allocation of funds to pay for the legal costs of investigating whether a Section 201 trade remedy may be appropriate on imported shrimp. The current estimate of the legal cost for this investigation and an appropriate recommendation and report is \$30,000.00.
- 68) Ask the Task Force to request that the Governor, our legislature and our federal Delegation request expanded COOL requirements to include food service establishments under the current law or under a new law.

Motion seconded by Mr. Van Orsdel. Motion carried unanimously.

Mr. Pausina said that a portion of the Gustav/Ike funds has been issued to develop crop insurance for all of the seafoods in Louisiana. He mentioned that the oyster industry has already taking steps toward an insurance program.

Mr. Smith said that there has been a pilot program set up for the oyster industry which has a significant amount of people signed into the program. The goal is to set up pilot programs for the other seafoods, but it will take the approval of the office of risk management to do so.

Dr. Strain said that there is an initial cost to begin the program, but once it gets started the program is subsidized by federal funds.

Dr. Strain moved that the recommendations received from the LA Shrimp Harvesters and Processor Advisory Panels which require state level action or legislation be considered by the Task Force and that LDWF take the lead in initiating any necessary action: 52, 53, 62, and 63.

- 52) Identify funding sources in support of renewing the anti-dumping petition for Louisiana shrimpers and payback money that shrimp organizations have already paid to protect Louisiana shrimpers.**
- 53) Assistance from the State in allocating collected and future collected shrimp tariff funds back to the domestic shrimp industry.**
- 62) Ask the Task Force to request from the Governor and our legislature a specific allocation of funds to pay for the legal costs of defending the shrimp antidumping orders at the ITC sunset reviews scheduled for February, 2010. The current estimate of the legal cost is \$250,000.00. Because these orders are also important to the other Gulf South shrimp harvesters and shrimp processors, we ask the Task Force to request that the Governor and our legislature seek contributions to the legal fund from their colleagues in Texas, Mississippi, Alabama and Florida.**
- 63) Ask the Task Force to request the Governor, our legislature and our Attorney General to use all means necessary to seek the additional \$268,000.00 owed to the State of Louisiana and for an accounting of any money already sent to the state. We further urge the Task Force to allocate any and all such funds to pay for the legal costs of defending the shrimp antidumping orders.**

Seconded by Mr. Van Orsdel. Motion carried unanimously.

Cathy Breaux moved that the recommendation from the LA shrimp harvester and processor advisory panels be considered by the Task Force and that the LWC take the lead in initiating any necessary action (71).

- 71) Ask the Task Force and the LA workforce commission representative to expedite efforts to file all necessary applications for individual and/or community-wide TAA assistance.**

Motion seconded by Mr. Babin. Motion carried unanimously.

Mr. Schexnayder mentioned that he had spoken with Lance Nacio earlier about possibly doing an experimental gear program. He said the program would look into different harvesting techniques that may be more efficient than those currently being used. He asked if this was appropriate to bring up at the Task Force meeting or rather should it be discussed further at the Harvester Advisory Panel then brought forth to the Task Force as a specific action.

Mr. Pausina replied that this item can be discussed further and brought up as a Task Force action if necessary when the details are outlined.

Two representatives (Jeff Klapp and Will Pape) from the company TraceGains provided a presentation on ideas for the traceability of Louisiana shrimp. They mentioned that there are many opportunities possible with traceability for Louisiana shrimp such as authenticating local catch, ensuring a complete cold chain, increasing value per pound, etc. They said that developing premium sales requires the establishment of a certification program to promote a higher quality product, product verification and authentication, and effective promotion. They said new profits would be brought to the industry and a link between the product, packaging, and dealer would be developed through effective marking and an authentication code. They mentioned that such a program would establish high margin customers and the ability to pre-sell premium product. They concluded in saying that the program they suggest would provide a chain of custody, continuous temperature monitoring, online brand authentication and promotion, compliance reporting, improved quality, and real time inventory at sea.

Mr. Smith said he looked at TraceGains in the past. He said when he went to Brussels it was apparent that traceability opens up new markets and takes that target off of retailers' backs. He mentioned that he recently returned from a seafood show in South Korea, where maintaining a proper cold chain was the only way to get your companies looked at.

Dr. Carrie Castille with LDAF asked a question about how much such a program would cost.

Mr. Pape said Iowa and Colorado State Universities have done studies that suggest a 3 to 5 times return on investments. He suggested that it is better to look at future returns rather than initial cost and gave examples from the cattle and produce industries.

Dr. Strain asked whether or not they are looking to be employed by the government or an agency if the implementation of their program were to be accepted.

Mr. Pape suggested that there are many ways in which they have received funding for similar programs such as through state funding, quasigovernment authorities, associations, private industry, and others.

Mr. Babin asked how the funding would be paid if the program were to be on a voluntary basis.

Mr. Klapp stated that the specific environment has to be identified before the funding source is selected.

Dr. Finley mentioned that the use of temperature monitoring chips makes it easy to know who to blame for bad product. He also said that the technology needed to track temperature is continuously decreasing in price.

Mr. Pausina continued on, reviewing past motions.

Mr. Guidry explained to the Task Force what exactly it was that the Shrimp Harvesters Advisory Panel meant with the motion to name a shrimp harvester to be a representative on the Davis Pond and Caernarvon Advisory Committees. He stated that in coastal restoration there is little

consideration given to the effect that such projects have on the fisheries resources. He said that in the past when a representative with interest in the shrimp industry served on the Caernarvon committee they were successful in reducing the water output of the structure during periods of shrimp and oyster production.

Mr. Pausina stated that LDWF is represented on the Advisory Panels and suggested no action be taken now and the information be absorbed for now..

Mr. Montelaro suggested to Mr. Pausina that a representative from the Louisiana Coastal Protection and Restoration Authority be brought forth to speak at the next Task Force meeting.

George Barisich, a member of the Shrimp Harvesters Advisory Panel mentioned that he served on the Caernarvon board for 6 years as a representative of St. Bernard Parish. He stated that since he had no real power his ideas were given little consideration to the point where he just stopped attending. He said that all members would agree on something but the state did what it wanted.

Mr. Pausina then called for agency updates.

Mr. Mark Schexnayder said that he has been working on the Market Maker program and looking into the development of fisheries Co-Ops. He mentioned that he's been working on USDA rule development, funding sources, and a gear efficiency program. He said that he plans to give a presentation to the shrimp harvesters on potential management strategies including placing a cap on license sales and other opportunities for helping the industry.

Dr. Castille asked Mr. Schexnayder if he had looked at potential use of federal rural development funds.

Mr. Kelsey Short said he has been reviewing and setting up the legal structure for the program proposed by Milling Benson and Associates and has been considering how it will coincide with what Dr. Castille has brought forth.

Ms. Breaux said she's been looking at ways in which Trade Adjustment Assistance Program funds could be used to supplement efforts by Dr. Strain and LDAF.

Dr. Strain said that they are working to incorporate all federal level actions approved, as well as those approved today, into correspondence requesting assistance in development of proper legislation.

Ms. Stacie Deblieux presented the Task Force with a hand-out summarizing state statutes, rules and authority concerning management of shrimp resources, packaging, labeling and seafood testing that's out right now and said a lot of it depends on the interplay between agencies and suggested identifying where any holes are present and what can be done to make the legislation relevant to the shrimp industry.

Mr. Smith mentioned that there is a potential buyer who is interested in doing a pilot program and is having a conference call with the buyer to identify their wants and to see how it may model the voluntary certification program. He invited Dr. Randall Raggio with the LSU Marketing Department; he said they may be interested in this process and could help with their economics, research, and branding expertise.

Mr. Babin suggested that the Sunset Review is quickly approaching and he would like see an effort to secure some funding to fight against allowing Thailand to make a onetime settlement in lieu of continued tariff payments which he considered a number 1 priority.

Ms. Deblieux and Dr. Strain questioned how the Southern Shrimp Alliance (SSA) has the authority to determine how payments with Thailand are to occur.

Mr. Guidry stated that it is a very complex issue over several years that have led to SSA pursuing a onetime payment from Thailand. He said a group started as SSA seven years ago and was looking into putting an anti dumping petition in place. He said in the beginning the organization provided good representation of all those involved in the industry, but later representation was pushed aside and problems began.

Mr. Babin questioned whether or not it should be up to certain groups to determine the way in which these funds should be spent. He stated that the money should go towards maintaining the industry not just being partitioned out to individuals.

Mr. A.J. Fabre said the processors received 80 million dollars from anti-dumping that was distributed between the processors. He said we are going to try and protect the shrimpers this time.

Mr. Babin said that it's going to cost a million dollars to fight this issue at the sunset review and welcomed the harvesters to put up money to help and then if successful it could later be determined how the money would be distributed.

Mr. Fabre suggested that the distribution of the money be discussed before the harvesters put up any money.

Mr. Babin stated that Mr. Fabre wants the benefit before putting forth the money to fight it.

Mr. Ronnie Anderson mentioned that he has an article that mentions how the SSA has the authority to make such decisions. He said to his understanding they have the authority because they originally filed the anti-dumping petition and they have 90 days to withdraw the petition. He said 18 million dollars were paid off to the SSA whom withdrew the petition with the payoff and nobody received any of the money. He said they are in a losing situation.

Representative Harrison said that there were many issues that occurred in the past and said that the Task Force was setup to develop ways to sustain the industry. He stated that he wants to see that the harvesters and processors maintain the 8 to 9% of the market share that is out there and that both groups have a part in determining what best course of action is to sustain the industry.

He said there are major firms that are pushing for the Asian nations to come into the US to take a larger share of the industry. He said we now have a plan that we can present in an effort to create ways that will maintain the industry into the future. He said Senator Landrieu has committed fully to the wants and needs of Louisiana and the people of the United States.

Mr. Barisich stated that when we started it was United Commercial Fisherman's Union (UCFA) then the Louisiana Shrimp Association (LSA) then went with the eight state coalition (SSA) due to the political arena they were in. He mentioned that the time when Mr. Fabre and he served on the panel for LSA and SSA the safeguards were there to protect the processors and harvesters. The safe guards fell through.

Acy Cooper said the average fisherman potentially received 10 to 12 thousand dollars and the average processor received over a million in the anti-dumping suit.

Mr. Babin requested that Mr. Cooper prove his statement that said the average Louisiana shrimp processor received over one million dollars from the anti-dumping suit.

Mr. Cooper said 80 million to 100 million dollars was distributed between the 29 processors of the state. He said the harvesters want to work with the processors and supposed to meet together in the near future.

Mr. Babin said that the processors want to work with the harvesters. He said there are some processors that received a million dollars, but the greater majority didn't receive that much money. He mentioned that standing at a microphone and categorizing all processors as one, each getting over a million dollars, is wrong. He said the amount that each processor received can be looked up in the public record. He said the statement by Mr. Cooper is absolutely a false statement.

Mr. Smith said Louisiana is in the position to do some unique things that the other states are not doing. He said we can be first with certification and traceability programs. He said Alaska has a program to market their products, but he said no one has a certification program. He said it is a chance for Louisiana to gain the media attention and take the lead.

Mr. Pausina scheduled the next Task Force meeting date as Wednesday January 6th at 1:30 PM.

Mr. Anderson stated that he likes the branding program that was proposed and he said it would help with tracing if another re-boxing issue were to come about.

Mr. Babin mentioned that the program that would be developed starts from the boat all the way to the processor. He said the processors are interested in such a program, but it will need to start at the boats and maintain itself through the processing.

Mr. Babin moved to adjourn the meeting. Motion seconded by Dr. Strain. Motion carried unanimously.

Meeting adjourned at 4:00 PM.